

## Message Text

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TO USMISSION EC BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 051315

PLEASE PASS ASSISTANT SECRETARY ENDERS

FOLLOWING SENT ACTION SECSTATE, INFO ABU DHABI, BEIRUT,  
DHAHRAN, DOHA, KUWAIT, LONDON, TEHRAN, MARCH 6, FROM JIDDA  
RPTD TO YOU:

QUOTE C O N F I D E N T I A L JIDDA 1607

E.O.: 11652: GDS

TAGS: ENRG, SA, US

SUBJ: GAS GATHERING PLANT GIVEN TO ARAMCO

SUMMARY: ARAMCO HAS BEEN GIVEN THE GAS GATHERING PROJECT BY  
THE SAUDI GOVERNMENT. IT WILL COST AROUND \$4 BILLION, WILL  
REQUIRE 20,000 WORKERS TO CONSTRUCT AND 2,200 WORKERS TO  
OPERATE. IT SHOULD BE FINISHED BY JANUARY 1, 1979. IT WILL  
PROVIDE 4 BILLION CUBIC FEET OF GAS A DAY, MOST WILL COME  
FROM THE OIL FIELDS BUT NON-ASSOCIATED GAS WILL BE CONNECTED  
TO THE SYSTEM. END SUMMARY.

1. ACCORDING TO ARAMCO OFFICIALS, A LONG BUREAUCRATIC BATTLE  
INSIDE THE SAUDI GOVERNMENT WAS SETTLED THE END OF FEBRUARY  
WHEN THE DECISION WAS TAKEN TO CHARGE ARAMCO WITH CONSTRUCT-  
ING THE GAS GATHERING LINES FOR THE INDUSTRIALIZATION PROGRAMS  
IN BOTH EASTERN AND WESTERN PROVINCES IN THE KINGDOM. THE GOVERN-  
MENT DECIDED AGAINST PETROMIN (THE NATIONAL OIL COMPANY), BEING  
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DISSATISFIED WITH ITS OPERATION OF THE COUNTRY'S TWO REFINERIES,

THE STEEL PLANT AND FERTILIZER PLANT. THE GOVERNMENT THEN CONCLUDED PETROMIN DID NOT HAVE THE ORGANIZATION TO TAKE OVER THE NEW TASK. PETROMIN WILL BE GIVEN MONEY (\$2 MILLION AT LEAST) TO REIMBURSE TEXAS EASTERN GAS TRANSMISSION, WHICH DID STUDIES FOR IT.

2. THE NEW ORGANIZATION TO CARRY OUT THE TASK WILL BE INTEGRATED INTO ARAMCO BUT WILL OPERATE SEPARATELY.

3. THE ORIGINAL FIGURES PREPARED FOR PETROMIN CALLED FOR AN EXPENDITURE OF \$4.2 BILLION FOR THE PROJECT BUT DID NOT INCLUDE HOUSING OR SUPPORT FACILITIES. THE INFLATION FIGURE USED BY PETROMIN WAS ALSO TOO LOW. ARAMCO BELIEVES IT WILL BE ABLE TO CONTROL THE WORK CONSIDERABLY MORE EFFICIENTLY THAN COULD A NEW COMPANY. NONETHELESS, WITH HOUSING AND SUPPORT FACILITIES, AND A "REALISTIC" INFLATION FIGURE, THE COST WOULD BE AROUND \$4 BILLION.

4. ABOUT 20,000 CONSTRUCTION WORKERS WILL BE NEEDED, AND ABOUT 2,200 WORKERS WILL BE NEEDED FOR THE FULL OPERATION OF THE FACILITY WHICH SHOULD BE COMPLETED BY JANUARY 1, 1979.

5. ARAMCO WILL BE CHARGED WITH PROVIDING SWEET METHANE FOR USE AS A BOILER FUEL OR PETROCHEMICAL FEED STOCK, SWEET ETHANE FOR FEED STOCK, AND PROPANE, BUTANE AND HIGHER LIQUIDS FOR EXPORT. IT WILL ALSO PRODUCE AROUND 3,000 TONS OF SULPHUR DAILY (ARAMCO DOES NOT KNOW WHAT COULD BE DONE WITH THIS).

6. ABOUT ONE BILLION CUBIC FEET PER DAY OF METHANE WILL BE USED FOR POWER GENERATION; ABOUT THREE MILLION CUBIC FEET WILL REMAIN FOR OTHER PROJECTS.

7. BECAUSE ASSOCIATED GAS MAY VARY FROM DAY TO DAY OR YEAR TO YEAR. ARAMCO WILL ALSO TIE NON-ASSOCIATED GAS INTO THE PROJECT TO INSURE A CONSTANT FOUR BILLION CUBIC FEET DAILY. ARAMCO HAS NO IDEA OF WHAT ARE SAUDI ARABIA'S RESERVES OF NON-ASSOCIATED GAS, BUT THEY ARE "ENORMOUS." UNTIL NOW WHENEVER ARAMCO HAS DISCOVERED A GAS FIELD IT HAS BEEN CLOSED IN QUICKLY. AKINS UNQUOTE. INGERSOLL

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